International Business Machines Corporation

643 W. Crosstown Parkway
Kalamazoo, Michigan 49008
616/381-4040

Mr. Harry Maxwell
Resident Controller
General Motors Corp.
Fisher Body Division
5200 East Cork
Kalamazoo, Michigan 49001

April 21, 1977

Dear Mr. Maxwell:

I am pleased to provide you with the following information relative to the study that was conducted in the Labor Relations Department.

The second week of the study was calculated, as it was identified as being a more typical week, relative to typing work load. For the purpose of the study all typing was done on the typewriter.

During that week, 3,840 lines of type were generated in 22.6 hours. Of that total typing volume, 689 or 17.9% of the typing fell in the catagory of revision typing, 527 lines or 13.7% fell in the catagory of repetitive typing.

Based on this typing volume and these percentages, the typing time required to do the same typing jobs could effectively be reduced by 28.4%, resulting in 6.4 hours per week or 26.9 hours per month savings in typing time, by using a Mag Card II.

I trust the information provided as a result of this study will assist you in making a sound business decision.

Sincerely,

Robert H Davis

Robert H. Davis
Account Manager
Office Products Division

RHD/smr

Lease/Rental Agreement

Item No.	(A) Qty.	Type	DESCRIPTION Complete The Description In Machine Type And Device Code Sequence (Provide Serial Number And Meter Reading, If Installed).	Lease or Rent (L/R)	Per Unit Periods: Base Term (Mos)	Per Unit Periods: Extension (Mos)	Per Unit Charges: (B) Monthly Lease/Rental Charge	Per Unit Charges: (C) Service Zone Charge (Initial)	Upper Limit %

Combined Monthly Lease/Rental Charge (Excluding Applicable Taxes, Destination Charge, And Monthly Use Charge) Multiply (A) By The Sum Of (B) + (C) Then Add All Lines. ➡

Item No. (Above)	Per Unit Monthly Use Charge Machines: (D) Usage Volume Included in (B)	Monthly Use Charge Rate For Volume In Excess Of (D)	Maximum Monthly Charge	Purchase Option: Purchase Price	Purchase Option %	Maximum Accrual Period (Mos)	Maximum Purchase Accrual %	Termination Charge %	Termination Charge Mos (Base/Ext)	Destination Charge Qty (A) X Destination Charge Per Machine (From IBM Location)

- Monthly Use Charge Based Upon Usage Volume Determined From Meter Reading
- Maximum Monthly Charge Based Upon Monthly Usage Volume At A Level Beyond Which There Will Be No Additional Monthly Use Charges (Excluding Service Zone Charges).

Trade-In Equipment

Qty.	Description (Include any physical deductions due to machine condition). IBM may reduce the trade-in allowance if equipment is not in substantially the same condition as when inspected.	Serial Number	Trade-In Net Allowance
		Total Allowance ➡	

Escrow Payment (Bears no interest and will apply to final amounts due IBM as described herein).

Three Months Monthly Lease/Rental Charges (Including Applicable Taxes And Service Zone Charges) ➡

I UNDERSTAND THAT IF I HAVE SELECTED A LEASE CONTRACT PERIOD OR EXTENSION FOR A MACHINE, I AM OBLIGATED TO LEASE THE MACHINE FOR THE LEASE CONTRACT PERIOD OR EXTENSION. IF SUCH PERIOD OR EXTENSION IS TERMINATED BEFORE ITS EXPIRATION DATE, I AGREE TO PAY THE TERMINATION CHARGES SET FORTH IN THIS AGREEMENT.

FOR MACHINES OTHER THAN COPIERS I UNDERSTAND THAT, IF I HAVE SELECTED A RENTAL CONTRACT PERIOD, I AM OBLIGATED TO RENT THE MACHINE FOR A SIX MONTH MINIMUM RENTAL PERIOD.

Customer's Initials

THE TERMS AND CONDITIONS ATTACHED ARE A PART OF THIS AGREEMENT

THE CUSTOMER ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS. FURTHER, THE CUSTOMER AGREES THAT IT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES, WHICH SUPERSEDES ALL PROPOSALS OR PRIOR AGREEMENTS, ORAL OR WRITTEN, AND ALL OTHER COMMUNICATIONS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

International Business Machines Corporation		Customer's Name	
		Address	
Please Type or Print all information except signature		City and State	Zip Code
Branch Office Address	Br. Off. No.	Mark For (Attention Of)	
City and State	Zip Code	By (Customer's Signature)	Date
By (IBM Representative's Signature)	Date	Signed By — Name	Signed By — Title

Z 140-2167
U/M 25

THIS IS NOT AN INVOICE. PLEASE DO NOT PAY UNTIL INVOICED.

IBM BRANCH OFFICE

LEASE/RENTAL AGREEMENT TERMS AND CONDITIONS

International Business Machines Corporation (IBM) and the Customer agree that the following terms and conditions will apply to any Customer order for lease or rental of IBM machines that is accepted by IBM under this Agreement. Under these terms and conditions, IBM will (1) lease or rent machines to the Customer and (2) provide maintenance service for machines, as described herein. The Customer agrees to accept the machines and maintenance service under the terms and conditions of this Agreement. The Customer further agrees with respect to the machines to accept the responsibility for (1) their selection to achieve the Customer's intended results, (2) their use and (3) the results obtained therefrom. The Customer also has the responsibility for the selection and use of, and results obtained from, any other equipment or services used with the machines.

Acceptance of this Agreement by IBM is contingent upon (1) a satisfactory credit report on the Customer and (2) with regard to the data shown on the first page of this Agreement, the absence of any mathematical error or deviation from IBM's current prices and terms. Unless advised to the contrary within 15 days after the signing of this Agreement, the Customer may consider this Agreement to have been accepted by IBM as written and to be in full force and effect as of the date signed by IBM.

The term "machines" as used in this Agreement refers to machines and/or their model upgrades and features unless the context requires individual reference to model upgrades and features.

CONTRACT PERIOD

IBM will determine the Lease or Rental Contract Period or Periods for which each machine is eligible. The Customer may select the Lease or Rental Contract Period for each machine from the alternatives available.

LEASE CONTRACT PERIOD

A Lease Contract Period has a Commencement Date, a Base Term and an Expiration Date.

The Commencement Date for a machine being installed will be the day (Monday through Friday) following the day that the machine is installed, as specified by IBM.

The Commencement Date for a machine already installed under a Rental Contract Period will be the day an Agreement designating a Lease Contract Period term is signed by IBM.

The Commencement Date of a new Lease Contract Period for a machine already installed under a Lease Contract Period will be the day immediately following the Expiration Date of such Lease Contract Period, provided that a new Agreement is signed by IBM on or before such Commencement Date.

The Expiration Date of a Lease Contract Period is determined by adding the Base Term to the Commencement Date.

A Lease Contract Period may be extended as described in the Section entitled "Lease Contract Period Extension."

RENTAL CONTRACT PERIOD

A Rental Contract Period has a Commencement Date and is of indefinite duration.

The Commencement Date for a machine being installed will be the day (Monday through Friday) following the day that the machine is installed, as specified by IBM.

The Commencement Date for an eligible machine already installed will be the day following the Expiration Date of its Lease Contract Period or Extension, provided a new Agreement is signed by IBM on or before such Commencement Date.

Except as set forth in the Section entitled "Increases in Rental Contract Period Monthly Charges," any machine (other than a model or feature change or copiers) installed under a Rental Contract Period may be discontinued by the Customer at any time after six months from its Commencement Date, provided written notice is received by IBM one month prior to the date of discontinuance.

CHARGES

IBM will determine the Monthly Lease Charge, Monthly Rental Charge and if applicable the Monthly Use Charge Rate and Maximum Monthly Charge for the Lease or Rental Contract Period or Periods for which each machine is eligible. Such charges and rate will be specified on the first page of the Agreement.

The Monthly Use Charge is determined by multiplying the Monthly Use Charge Rate by the volume of usage as determined from the meter for a particular month in excess of the volume of usage in the Monthly Lease or Rental Charge.

The Maximum Monthly Charge is the sum of the Monthly Lease or Rental Charge and the Monthly Use Charge at a usage volume level beyond which there will be no additional Monthly Use Charges.

The Customer agrees to pay the applicable Charges for each machine.

Charges for each machine will begin on the Commencement Date of its Lease Contract Period or Extension or Rental Contract Period.

METER READINGS

IBM will install and maintain its meters for machines with Monthly Use Charges. The Customer agrees to furnish a monthly report to IBM showing the meter reading for each machine as of the close of the last work day of each calendar month. The Customer agrees not to interfere with the proper operation of the meters.

INCREASES IN LEASE CONTRACT PERIOD MONTHLY CHARGES

NON-MONTHLY USE CHARGE MACHINE.

For each year of a Lease Contract Period for a machine beginning with the Commencement Date, and thereafter with each Anniversary Date, there will be a maximum Total Monthly Charge (Upper Limit) for that year. For machines that do not have a specified Monthly Use Charge Rate, the Total Monthly Charge will be the Monthly Lease Charge.

The Upper Limit for the first year of the Lease Contract Period is the Total Monthly Charge in effect for a machine on the Commencement Date. The Upper Limit for each succeeding year is calculated by increasing the Upper Limit for the preceding year by an amount which is derived by multiplying the Total Monthly Charge in effect on the Commencement Date by the Upper Limit Percent specified on the first page of this Agreement.

For a machine not yet installed, if the Agreement for the machine has been signed by the Customer and IBM, IBM may not increase the Total Monthly Charge or the Upper Limit Percent unless written notice shall have been given to the Customer at least three months before the date of shipment. In the event of such an increase, the Customer may elect to void the Agreement for the affected machine within one month of notification of such an increase by IBM.

For a machine which is installed, IBM may increase the Total Monthly Charge upon three months' prior written notice. Such increased Total Monthly Charge will be the lower of (1) the Total Monthly Charge generally in effect for such machine on the effective date specified in the notice for Customers commencing a new Lease Contract Period with the same Base Term or (2) the Upper Limit in effect for that year, and, to the extent that any increase exceeds the applicable Upper Limit, the excess will automatically be effective on ensuing Anniversary Dates.

MONTHLY USE CHARGE MACHINES

For each year of a Lease Contract Period for a machine beginning with the Commencement Date, and thereafter with each Anniversary Date, there will be a maximum Total Monthly Charge (Upper Limit) at any given volume for that year. For machines that have a specified Monthly Use Charge Rate, the Total Monthly Charge will be the Monthly Lease Charge plus the Monthly Use Charge for each volume of usage.

The Upper Limit for a given monthly volume during the first year of the Lease Contract Period is the Total Monthly Charge for that volume that would have been in effect for a machine on the Commencement Date. The Upper Limit for a given monthly volume for each succeeding year is calculated by increasing the Upper Limit for that volume for the preceding year by an amount which is derived by multiplying the Total Monthly Charge for that volume that would have been in effect on the Commencement Date by the Upper Limit Percent specified on the first page of this Agreement.

For a machine not yet installed, if the Agreement for the machine has been signed by the Customer and IBM, IBM may not increase the Total Monthly Charge for any volume or the Upper Limit Percent unless written notice shall have been given to the Customer at least three months before the date of shipment. In the event of such an increase, the Customer may elect to void the Agreement for the affected machine within one month of the notification of such an increase by IBM.

For a machine which is installed, IBM may increase the Total Monthly Charge by changing the Monthly Lease Charge, the usage included in the Monthly Lease Charge, the Maximum Monthly Charge and the Monthly Use Charge Rate upon three months' prior written notice. Such increased Total Monthly Charge for any volume will be the lower of (1) the Total Monthly Charge at that volume generally in effect for such machine on the effective date specified in the notice for Customers commencing a new Lease Contract Period with the same Base Term or (2) the Upper Limit in effect for that year for that volume, and, to the extent that any increase exceeds the applicable Upper Limit, the excess will automatically be effective on ensuing Anniversary Dates.

The Upper Limit Percent specified in the Agreement will not be increased during the Lease Contract Period.

The Total Monthly Charge for a model upgrade or feature addition may be increased by IBM in the same manner and in accordance with the same Upper Limit calculations as for machines and pursuant to the provisions set forth in the Section entitled "Machine Modifications."

Except as provided in this Section and in the Section entitled "Lease Contract Period Extension," all changes affecting the Total Monthly Charge and Upper Limit Percent will become effective on the date specified in the notice of such change.

INCREASES IN RENTAL CONTRACT PERIOD MONTHLY CHARGES

For a machine under a Rental Contract Period, IBM may increase the Monthly Rental Charge, the Monthly Use Charge Rate, Maximum Monthly Charge, or decrease the usage included in the Monthly Rental Charge upon three months' prior written notice. The Customer may discontinue any machine included in such notice on the effective date of the change upon one month's prior written notice. Otherwise, the change will become effective as specified.

DESTINATION CHARGES

All Destination Charges for each machine, model change or feature, both from and to IBM locations, and any rigging charges will be paid by the Customer in accordance with IBM's then current shipping and billing practices.

APPLICABLE TAXES

In addition to the charges due under this Agreement, the Customer agrees to pay amounts equal to any taxes resulting from this Agreement, or any activities hereunder, exclusive of property taxes and taxes based on net income.

ESCROW PAYMENT

In the event IBM requires the Customer to make a three-month advance payment, such payment will be held in escrow. Such payment will not bear interest and will be applied only (a) to the Customer's last three monthly invoices, or (b) as a credit toward the purchase option price, or (c) in the case of a termination/default by the Customer, toward any unpaid amounts then due IBM. Any remaining balance will be refunded to the Customer.

LEASE CONTRACT PERIOD EXTENSION

The Customer may extend a Lease Contract Period for a machine any number of times for the Extension Period shown on the first page of the Agreement and one time for a period of less than one year. The Commencement Date of an Extension will be the day following the Expiration Date of the Lease Contract Period or Extension then in effect.

The charges, terms and conditions for the ensuing Extension will not be changed by IBM from the date three months prior to the Commencement Date of such Extension through its Expiration Date. Prior to the Expiration Date of a Lease Contract Period or Extension, IBM will provide the Customer with written notice of all such charges, terms and conditions for the ensuing Extension.

The Extension for each machine will commence automatically unless the Customer notifies IBM in writing on or before the Expiration Date of the Lease Contract Period or current Extension that the Customer elects one of the following choices, as available:

a. to extend for a period of less than one year at the end of which time the machine will be deemed to have been placed under a Rental Contract Period unless otherwise agreed;

b. to execute an Agreement for a new Lease Contract Period;

c. to execute an Agreement for a Rental Contract Period; or

d. to purchase the machine.

In addition, the Customer may discontinue a machine effective on the Expiration Date of a Lease Contract Period or Extension upon one month's prior written notice.

MACHINE MODIFICATIONS

Upon the Customer's written request, IBM will make field installable model or feature changes to a machine installed under this Agreement. Such machine modifications shall be subject to the applicable provisions of this Agreement.

MODEL UPGRADES AND FEATURE ADDITIONS

Under the Lease Contract Period or Extension, the model upgrade or feature addition will be installed at IBM's applicable Monthly Lease Charge, and Monthly Use Charge Rate, if any, then generally in effect for new orders for such model upgrade or feature having the same Base Term as the installed machine. When such upgrade or feature is installed under that Lease Contract Period or Extension, it will assume the same Expiration Date as the installed machine.

The model upgrade or feature addition will assume the same Anniversary Date (but not the same Commencement Date) and Upper Limit Percent as the installed machine for purposes of determining future increases in the Monthly Lease Charge and any applicable Monthly Use Charge Rate.

Each model upgrade or feature addition to a machine installed under a Rental Contract Period may only be placed under a Rental Contract Period and will be installed at IBM's Monthly Rental Charge and Monthly Use Charge Rate, if any, then generally in effect.

The Commencement Date for a model upgrade or feature addition will be the day (Monday through Friday) following the day that the model upgrade or feature addition is installed, as specified by IBM.

MODEL DOWNGRADES AND FEATURE DISCONTINUANCES

A model downgrade is defined as a model change which results in a decrease in the Monthly Lease Charge or Monthly Rental Charge.

The downgrade of a model or discontinuance of a feature prior to the Expiration Date of its Lease Contract Period or Extension will be subject to the provisions of the Section entitled "Termination Charges."

There will be no Termination Charge for the downgrade of a model or discontinuance of a feature installed under a Rental Contract Period.

DISCONTINUANCE NOTICE

The Customer may discontinue any machine or any feature or request a model downgrade upon one month's written notice given at any time after installation, subject to the Sections entitled "Limitation of Remedies," "Termination Charges," and "Rental Contract Period."

TERMINATION CHARGES

The Customer will pay IBM as a Termination Charge, upon termination of a Lease Contract Period or Extension for a machine prior to the Expiration Date of such Lease Contract Period or Extension, the lesser of:

a. the Termination Charge Percent specified in the Agreement multiplied by the Remaining Contract Value; or

b. the applicable Termination Charge Months specified in the Agreement multiplied by the applicable Monthly Lease Charge value as of the date of termination.

The Remaining Contract Value of a machine is determined by multiplying its applicable Monthly Lease Charge value as of the date of termination by the number of months remaining in its Lease Contract Period or Extension.

The discontinuance of a feature or the downgrade of a model will not result in a Termination Charge, except that the Monthly Lease Charge value of any feature or model increment which is on a machine at any time within three months prior to the date of termination of the Lease Contract Period or Extension for such machine, will be included in the Monthly Lease Charge value of such machine.

For a machine not yet installed, if the Agreement for the machine has been signed by the Customer and IBM, IBM may not increase the Termination Charge Percent or the Termination Charge Months unless written notice shall have been given to the Customer at least three months before the date of shipment. For a machine which is installed, IBM may not increase such Percent or Months during a Lease Contract Period.

Return of a machine to IBM upon the Customer's request during a Lease Contract Period or Extension for any reason, including machine replacement for model or feature changes which are not field installable, or due to the Customer's failure to comply with any of the terms and conditions of this Agreement, shall be a termination for purposes of this Section.

Termination Charges are not applicable when the Customer exercises the option to purchase under the provisions of the Section entitled "Purchase Option."

PURCHASE OPTION

The Customer may elect to purchase a machine installed under a Lease Contract Period or Extension by executing an applicable IBM purchase agreement. Upon request from the Customer, IBM will quote a net purchase option price for such machine including its model upgrades and features as of a specific month that is not more than three months from the date of the request.

The net purchase option price, as calculated for each machine, model upgrade and feature, will be the lower of (1) the Purchase Price stated in the Agreement, as modified in accordance with this Section, less any applicable purchase option credits not to exceed an amount determined by multiplying such modified Purchase Price by the Maximum Purchase Accrual Percent, or (2) IBM's purchase price then generally in effect, less any applicable purchase option credits not to exceed an amount determined by multiplying such purchase price by the Maximum Purchase Accrual Percent. The Maximum Purchase Accrual Percent will be specified on the first page of the Agreement.

The purchase option credits are determined by multiplying:

a. the applicable Monthly Lease Charges paid under this Agreement by the Purchase Option Percent specified on the first page of the Agreement; and

b. applicable monthly charges, if any, paid under other IBM agreements by the purchase option percents applicable under those agreements.

For purposes of this calculation, the period during which monthly charges are eligible for purchase option credits is the period during which the machine has been continuously installed but may not exceed the Maximum Accrual Period specified. Eligible monthly charges will be applied in the order in which they are first incurred. For Copier and Copier II only, Monthly Use Charges will be included with Monthly Lease Charges.

When a machine ceases to be installed under this Agreement, all purchase option credits accrued hereunder with regard to that machine shall expire.

Purchase option credits accrue individually for each machine, model upgrade and feature and only during the accrual period of the machine. Purchase option credits are not transferable to other Customers or between machines, or among a machine, its models and features.

For a machine not yet installed, if the Agreement for the machine has been signed by the Customer and IBM, IBM may not increase the Purchase Price nor decrease the Purchase Option Percent, Maximum Purchase Accrual Percent or Maximum Accrual Period unless written notice shall have been given to the Customer at least three months before the date of shipment.

For a machine which is installed, IBM may increase the Purchase Price immediately upon written notice, subject to Upper Limits determined in the same manner as for Total Monthly Charges as described in the Section entitled "Increases in Lease Contract Period Monthly Charges."

The Purchase Option Percent, Maximum Purchase Accrual Percent and Maximum Accrual Period for a machine will not be decreased during a Lease Contract Period.

The Customer may elect to purchase a machine installed under a Rental Contract Period by executing an applicable IBM purchase agreement at IBM's then applicable purchase price for such machines.

SHIPMENT

IBM agrees to schedule each machine for shipment in accordance with IBM's applicable shipment sequence and will confirm and amend as necessary the Customer's schedule. Prior to shipment, IBM will make reasonable accommodation to a delay requested by the Customer.

ALTERATIONS AND ATTACHMENTS

An alteration is defined as any change to an IBM machine which deviates from IBM's physical, mechanical or electrical machine design whether or not additional devices or parts are required. An attachment is defined as the mechanical, electrical or electronic interconnection to an IBM machine of non-IBM equipment and devices not supplied by IBM.

An alteration to a machine may be made upon prior written notice to IBM. An attachment to a machine may be made without notice to IBM.

The Customer agrees to accept the responsibility for making any such alteration or attachment, its use and the results obtained therefrom, and to pay all charges related to the alteration or attachment as described in the Section entitled "Maintenance Service." The Customer further agrees to remove any alteration or attachment and to restore the machine to its normal, unaltered condition prior to its return to IBM, or upon notice from IBM that the alteration or attachment creates a safety hazard or renders maintenance of the machine impractical.

MAINTENANCE SERVICE

IBM will provide maintenance service to keep each machine in or restore it to good working order and will make all necessary adjustments, repairs and parts replacements. For this purpose, IBM shall have full and free access to the machine. The Customer agrees to provide a suitable installation environment as prescribed by IBM. The Customer also agrees to make available, for machines with a Monthly Use Charge, a key operator for training purposes and to notify IBM of any change in key operator assignment.

The Customer agrees to pay at IBM's applicable time and material rates then in effect all charges for maintenance and other service activities rendered at the Customer's request after IBM's normal business hours and on Saturdays, Sundays and holidays.

The Customer agrees to pay at IBM's applicable time and material rates then in effect all charges for maintenance and other service activities, or to pay for loss of or damage to a machine, caused by (1) use of the machine for other than the purposes for which designed, or (2) alterations and attachments.

The Customer also agrees to pay at IBM's applicable time and material rates then in effect all charges for repair of damage, replacement of parts (due to other than normal wear) or repetitive service calls caused by the use of supplies.

SERVICE ZONE CHARGES

When the distance from the machine's location to IBM's nearest Branch Office or Point of Service is greater than 15 miles, the Customer agrees to pay IBM's then current Service Zone Charges or travel charges. Travel charges will consist of actual travel expense plus travel and waiting time at IBM's prevailing hourly rate. Travel charges will apply if the machine location is not normally accessible by private automobile or scheduled public transportation or if the Customer Engineer is unable to get to and from the machine location with adequate time in-between for machine repair within one day (IBM's normal business hours).

RISK OF LOSS OR DAMAGE

During the period a machine, model change or feature is in transit or in the possession of the Customer, IBM and its insurers, if any, relieve the Customer of responsibility for all risks of loss of or damage to the machine, model change or feature except for loss or damage (1) caused by nuclear reaction, nuclear radiation or radioactive contamination for which the Customer is legally liable, and (2) as set forth in the Section entitled "Maintenance Service." IBM shall be under no obligation to replace machines if, in IBM's judgment, the risk of further loss or damage is excessive.

INVOICES

Monthly Lease Charges and Monthly Rental Charges will be invoiced in advance as of the first of each month. Monthly Use Charges will be invoiced in the month following the month in which they are incurred. When a machine, model change or feature is installed for a part of a calendar month, the Monthly Lease Charge or Monthly Rental Charge and included usage volume will be prorated on the basis of a 30 day month. Payment will be made within 30 days after the date of invoice. All other charges due hereunder are payable as specified in the invoice.

WARRANTIES

Machines provided under this Agreement may be either machines which are newly manufactured or assembled by IBM from new parts or serviceable used parts which are equivalent to new in performance, or machines which were previously installed.

IBM warrants that each machine, model upgrade or feature addition will be in good working order on the date that it is installed and that it will conform to IBM's official published specifications. Thereafter, IBM will make all adjustments, repairs and parts replacements necessary to maintain the machine, subject to the provisions stated in the Sections entitled "Maintenance Service" and "Risk of Loss or Damage."

IBM does not warrant that the operation of the machine will be uninterrupted.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

LIMITATIONS ON COIN OPERATED MACHINES

The Customer agrees that IBM is relieved of responsibility for loss of cash contained in, dispensed by, or associated with any machine under this Agreement after its delivery to the Customer. It is also agreed that IBM will have no responsibility to provide maintenance service on any such machine which contains cash. It will be the Customer's responsibility to remove and control cash so that IBM can fulfill its warranty and service obligations.

The exception to the above will be when a failure occurs which results in the Customer being unable to remove all cash from the coin operated mechanism prior to service by IBM. In such event, the Customer will assign one of his personnel to be present and to assume the responsibility for removal of the cash once it can be freely removed from the coin operated mechanism.

PATENT INDEMNITY

IBM will defend the Customer against a claim that machines supplied hereunder, or the operation of such machines pursuant to the current unaltered Operating Instructions provided by IBM for such machines, infringes a U.S. patent or that the machine's operation infringes a U.S. Patent. IBM will pay resulting costs, damages and attorney's fees provided that:

a. the Customer promptly notifies IBM in writing of the claim; and

b. IBM has sole control of the defense and all related settlement negotiations.

If such claim has occurred, or in IBM's opinion is likely to occur, the Customer agrees to permit IBM, at its option and expense, either to procure for the Customer the right to continue using the machines or to replace or modify the same so that they become non-infringing. If neither of the foregoing alternatives is reasonably available, the Customer agrees to return the machines on written request by IBM. No Termination Charges will be payable on such returned machines, and the Customer will pay only those charges which were payable prior to the date of such return.

IBM shall have no liability for any claim based upon the combination of machines furnished hereunder with apparatus or devices not furnished by IBM or based upon alteration of the machines supplied hereunder, if such claim would have been avoided by the absence of such alteration. IBM will have no liability for any claim based upon the use of the machines in a manner other than as specified in the Operating Instructions provided by IBM for such machines, nor shall IBM have any liability for the use of supplies not furnished by IBM in such machines unless such supplies are a substitute for supplies then available from IBM, and any differences therebetween are irrelevant to the alleged infringement.

The foregoing states the entire obligation of IBM with respect to infringement of patents by the machines or any parts thereof or by the use thereof.

LIMITATION OF REMEDIES

IBM's entire liability and the Customer's exclusive remedy shall be as follows:

In all situations involving performance or non-performance of machines, model upgrades or features furnished under this Agreement, the Customer's remedy is (1) the adjustment or repair of the machine, model upgrade or feature, or replacement of its parts by IBM, or at IBM's option, replacement of the machine, model upgrade or feature or (2) if, after repeated efforts, IBM is unable to install the machine, model upgrade or feature or a replacement machine, model upgrade or feature in good working order, or to restore it to good working order, all as warranted, the Customer shall be entitled to recover actual damages to the limits set forth in this Section. For any other claim concerning performance or non-performance by IBM pursuant to, or in any other way related to the subject matter of this Agreement or any order under this Agreement, the Customer shall be entitled to recover actual damages to the limits set forth in this Section.

IBM's liability for damages to the Customer for any cause whatsoever, and regardless of the form of action, whether in contract or in tort including negligence, shall be limited to the greater of $25,000 or twelve Monthly Lease Charges or Monthly Rental Charges for the specific machines that caused the damages or that are the subject matter of or are directly related to the cause of action. Such Charges shall be those in effect for the specific machines when the cause of action arose. The foregoing limitation of liability will not apply to the payment of cost and damage awards, referred to in the Section entitled "Patent Indemnity," or to claims for personal injury caused solely by IBM's negligence.

In no event will IBM be liable for any damages caused by the Customer's failure to perform the Customer's responsibilities, or for any lost profits or other consequential damages, even if IBM has been advised of the possibility of such damages, or for any claim against the Customer by any other party, except as provided in the Section entitled "Patent Indemnity."

The Customer may discontinue a machine forthwith without Termination Charges for failure of IBM to comply with any of the terms and conditions of this Agreement applicable to such machine.

GENERAL

This Agreement is not assignable; none of the machines may be sublet, assigned or transferred by the Customer without the prior written consent of IBM. Any attempt to sublet, assign or transfer any of the rights, duties or obligations of this Agreement is void.

Machines under this Agreement are to be located only in the United States, Puerto Rico, Guam and Canal Zone. The Customer agrees to keep IBM informed of the location of each machine. Each machine remains IBM's property and may be removed by IBM at any time after discontinuance of the machine. IBM shall have full and free access to each machine for this purpose.

IBM may, upon three months' prior written notice to the Customer, discontinue a machine or feature or downgrade a model under a Rental Contract Period at any time, or under a Lease Contract Period or Extension on its Expiration Date. IBM may discontinue a machine forthwith for failure of the Customer to comply with any of the terms and conditions of this Agreement applicable to such machine.

The Agreement will be terminated following the discontinuance of all machines and fulfillment of all obligations hereunder.

Subject to the terms of the following paragraph, IBM may, upon twelve months' prior written notice, modify the terms and conditions of this Agreement, except that IBM may, upon three months' prior written notice, modify the terms and conditions of the Section entitled "Charges," "Termination Charges," "Purchase Option," "Lease Contract Period Extension" and "Machine Modifications."

Any such modification will apply on the effective date specified in the notice to all Rental Contract Periods, to current Lease Contract Periods or Extensions upon their Expiration Dates, provided such occur on or after the effective date, and to new Lease Contract Periods or Extensions which commence on or after the date of the notice. Otherwise, the Agreement can only be modified by a written agreement duly signed by persons authorized to sign agreements on behalf of the Customer and of IBM (an authorized IBM Manager) and variance from the terms and conditions of this Agreement in any Customer order or other written notification will be of no effect.

No action, regardless of form, arising out of this Agreement may be brought by either party more than two years after the cause of action has arisen or, in the case of non-payment, more than two years from the date of the last payment.

If the Customer defaults as to any obligation to return machines or fails to pay any amounts due hereunder, IBM, in addition to other remedies, may repossess the machines without notice and the Customer agrees to pay all costs and expenses of collection and/or repossession, including reasonable attorney's fees permitted by law.

IBM is not responsible for failure to fulfill its obligations under this Agreement due to causes beyond its control.

This Agreement will be governed by the laws of the State of New York.